

MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



- **Housing starts** continued declining in November, falling another 3.7% from the October level. Compared with one year ago, housing starts were down 24.2% in November. While November starts were above the October level in both the Midwest and the South, all regions exhibited declines from year-ago levels, with the Northeast reporting the smallest decline, 11.7%, and the South reporting the largest decline, falling 28.0% from November 2006.
- **Retail sales** exhibited strong growth in November, rising 1.3% from the October level and up 6.3% from the level one year ago. While virtually all major sectors reported both monthly and year-over-year gains, 55.0% of the monthly gain and 38.0% of the year-over-year increase were attributable to sales at gasoline stations and primarily reflected higher gasoline prices. Higher food prices also boosted retail sales growth, with sales at food and beverage stores up 6.2% from one year ago.
- The **University of Michigan's Index of Consumer Sentiment** declined in November from the October level, falling to 76.1, the lowest level since October 2005. Compared with the January 2007 level, the index was down 21.5% in November. The October 2005 reading marked the only time since October 1992 the index exhibited a lower level than the November 2007 reading.
- The **U.S. Consumer Price Index** for November grew at an annual rate of 13.9% from the October level and was 4.3% above the level one year ago. Higher energy prices accounted for nearly 70.0% of the increase in the index and were 21.4% above the November 2006 level. However, sectors such as food and medical care exhibited significant gains, and while apparel prices were down 0.4% from November 2006, they averaged 4.1% growth over the last three months.



- **Michigan's unemployment rate** declined from 7.7% in October to 7.4% in November, reflecting a 25,000-job increase over October employment. While monthly employment statistics are volatile (e.g., October's 43,000 decline in employment more than offset September's 36,000 increase), November's employment gain marked the second increase in three months and the second largest gain since August 1998.
- **Michigan wage and salary employment** grew by 3,000 jobs in November from the October level. Most sectors remained relatively stable compared with the October levels, with the largest gains in professional/business services (3,000) and manufacturing (2,000) and the largest decline in government (-2,000). Compared with November 2006, employment was down 77,000 jobs, led by manufacturing (-27,000) and government (-19,000).
- November **revenue from Michigan's major taxes** was up 5.3% from one year ago, primarily due to higher income and sales tax collections. Income tax collections reflected a higher tax rate and reduced refunds, as well as stronger wage growth, while sales taxes largely reflected an earlier Thanksgiving which moved some December sales into November.



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U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

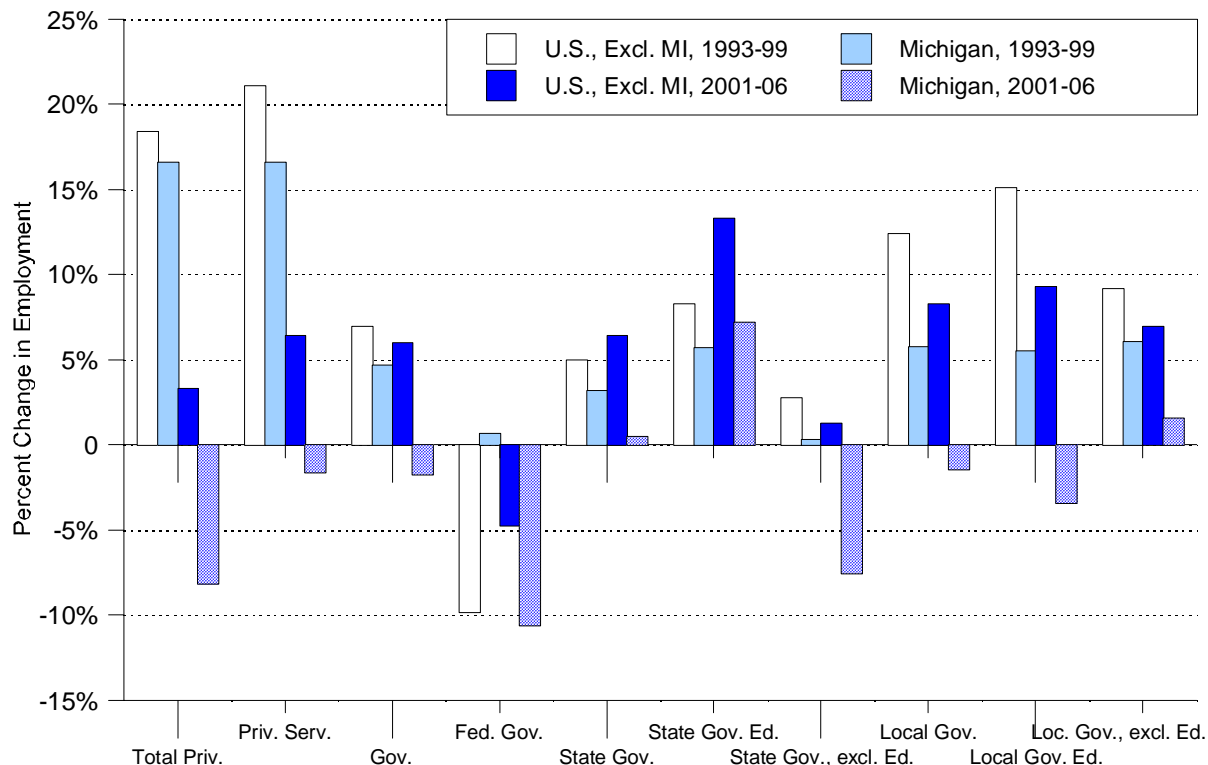
U.S.	Nov. 2007	Oct. 2007	Nov. 2006	<u>Change from Oct.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	153,870	153,253	152,449	617	0.4%	1,421	0.9%
Employment	146,703	146,007	145,623	696	0.5	1,080	0.7
Unemployment	7,167	7,246	6,826	(79)	(1.1)	341	5.0
Unemployment Rate	4.7%	4.7%	4.5%	---	---	---	---

Michigan	Nov. 2007	Oct. 2007	Nov. 2006	<u>Change from Oct.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	5,020	5,012	5,080	8	0.2%	(60)	(1.2)%
Employment	4,650	4,625	4,721	25	0.5	(71)	(1.5)
Unemployment	370	387	360	(17)	(4.3)	11	3.0
Unemployment Rate	7.4%	7.7%	7.1%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor

Government Employment, Michigan and Other States Compare

Significant Differences Between Sectors and Between the 1990s and 2000s



Source: Bureau of Labor Statistics, U.S. Department of Labor

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Nov. 2007*	Oct. 2007	Nov. 2006	<u>Change from Oct.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,245	4,242	4,322	3	0.1%	(77)	(1.8)%
Goods Producing Industries	775	775	818	0	0.1	(43)	(5.3)
Natural Resources & Mining	8	8	8	(0)	(1.3)	(0)	(2.5)
Construction	160	161	176	(1)	(0.7)	(16)	(8.9)
Manufacturing	607	606	635	2	0.3	(27)	(4.3)
Transportation Equipment	189	188	208	1	0.5	(19)	(9.1)
Service Producing Industries	3,470	3,468	3,504	3	0.1	(33)	(1.0)
Trade, Transportation & Utilities	780	780	792	(0)	(0.0)	(12)	(1.5)
Information	66	66	67	0	0.0	(1)	(1.6)
Financial Activities	210	210	215	(0)	(0.0)	(5)	(2.3)
Professional & Business Services	587	584	590	3	0.5	(3)	(0.6)
Education & Health Services	597	596	587	1	0.2	9	1.6
Leisure & Hospitality Services	408	408	408	0	0.1	1	0.2
Other Services	176	175	178	1	0.3	(3)	(1.4)
Government	647	649	666	(2)	(0.3)	(19)	(2.9)

Source: Bureau of Labor Statistics, U.S. Department of Labor

* Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Nov. 2007	Year Ago	Percent Change	Nov. 2007	Year Ago	Percent Change
Construction	35.7	36.4	(1.9)%	\$778.97	\$793.52	(1.8)%
Manufacturing	42.6	41.9	1.7	936.35	926.83	1.0
Durable Goods	44.4	42.7	4.0	1,050.95	1,022.24	2.8
Motor Vehicle Manufacturing	43.0	42.3	1.7	1,359.23	1,330.34	2.2
Motor Vehicle Parts Manufacturing	43.8	42.5	3.1	1,132.23	1,162.80	(2.6)
Nondurable Goods	36.8	39.2	(6.1)	569.66	609.56	(6.5)
Wholesale Trade	39.0	39.9	(2.3)	758.55	781.64	(3.0)
Retail Trade	31.8	30.6	3.9	390.19	371.48	5.0
Grocery Stores	27.8	26.7	4.1	262.43	246.71	6.4
General Merchandise Stores	31.8	31.2	1.9	334.85	322.92	3.7
Information	34.6	35.2	(1.7)	735.25	725.82	1.3
Financial Activities	33.9	33.5	1.2	623.42	602.33	3.5
Professional & Business Services	34.9	35.0	(0.3)	703.58	669.55	5.1
Health Care & Social Assistance	36.5	35.5	2.8	621.60	597.47	4.0
Leisure & Hospitality	22.0	22.5	(2.2)	201.08	201.38	(0.1)
Personal & Laundry Services	26.0	23.9	8.8	297.18	266.96	11.3

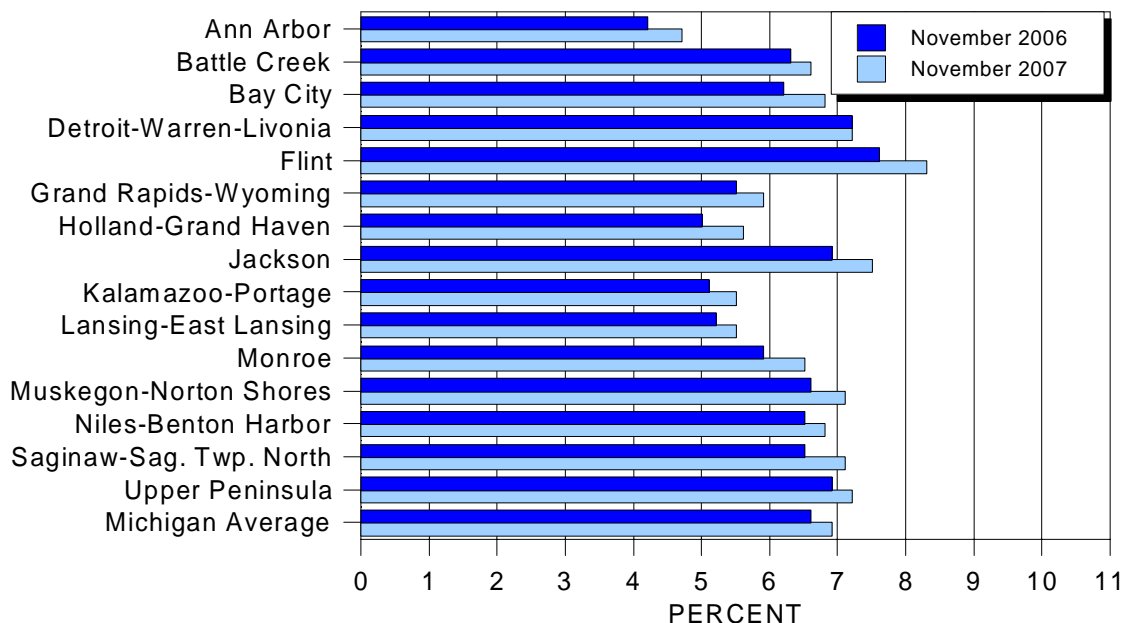
Source: Bureau of Labor Statistics, U.S. Department of Labor

**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Nov. 2007*	Oct. 2007	Sept. 2007	Nov. 2006
Metropolitan Statistical Areas				
Ann Arbor	4.7%	4.8%	5.1%	4.2%
Battle Creek	6.6	6.6	6.8	6.3
Bay City	6.8	6.3	6.7	6.2
Detroit-Warren-Livonia	7.2	7.8	7.7	7.2
Flint	8.3	8.1	8.3	7.6
Grand Rapids-Wyoming	5.9	5.8	6.0	5.5
Holland-Grand Haven	5.6	5.5	5.6	5.0
Jackson	7.5	7.3	7.7	6.9
Kalamazoo-Portage	5.5	5.3	5.6	5.1
Lansing-East Lansing	5.5	5.4	5.8	5.2
Monroe	6.5	8.2	6.3	5.9
Muskegon-Norton Shores	7.1	7.2	7.3	6.6
Niles-Benton Harbor	6.8	6.3	6.4	6.5
Saginaw-Saginaw Twp North	7.1	6.8	7.1	6.5
Multi-County Areas				
Northeast Lower Michigan	9.5	7.7	7.7	8.8
Northwest Lower Michigan	7.7	6.6	6.5	7.0
Upper Peninsula	7.2	6.1	6.3	6.9
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	6.9	7.0	7.0	6.6
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

November 2006 and November 2007



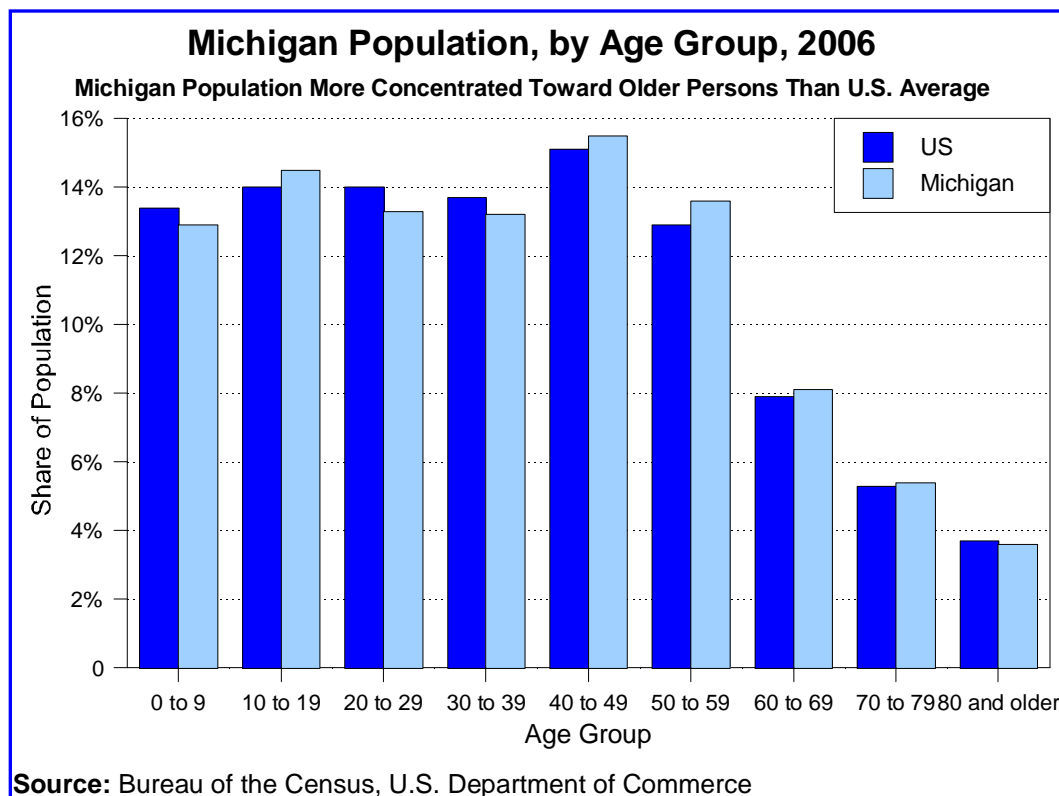
Source: Michigan Department of Labor and Economic Growth

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)**

	Nov. 2007	Oct. 2007	Sept. 2007	Aug. 2007	Year Ago Nov.	Percent Change From:	
						Nov./Oct.	Nov. 2007/ Nov. 2006
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	8,002	7,480	7,461	7,356	7,470	7.0%	7.1%
Domestics	5,646	5,132	5,180	5,146	5,107	10.0	10.6
Imports	2,356	2,348	2,281	2,210	2,363	0.3	(0.3)
Import Share	29.4%	31.4%	30.6%	30.0%	31.6%	---	---
Light Trucks	8,154	8,512	8,705	8,845	8,616	(4.2)	(5.4)
Domestics	6,753	7,052	7,294	7,555	7,197	(4.2)	(6.2)
Imports	1,401	1,460	1,411	1,290	1,419	(4.0)	(1.3)
Import Share	17.2%	17.2%	16.2%	14.6%	16.5%	---	---
Subtotal: Light Vehicle Sales	16,156	15,992	16,166	16,201	16,086	1.0	0.4
Heavy Trucks	325	335	331	331	541	(3.0)	(39.9)
Total Vehicle Sales	16,481	16,327	16,497	16,532	16,627	0.9	(0.9)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,944	3,916	3,640	3,938	4,279	0.7	(7.8)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	1,138	1,127	729	1,099	1,137	0.9	0.0
Trucks	1,354	1,390	1,129	1,493	1,142	(2.6)	18.5
Total	2,491	2,517	1,858	2,592	2,280	(1.0)	9.3
Michigan Production as % of U.S.	22.5%	23.1%	19.8%	21.4%	20.9%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,476	1,377	1,260	1,282	1,508	7.2	(2.1)
Days Supply	63	61	49	48	67	3.3	(6.0)
Total Truck	1,998	1,913	1,832	1,847	2,006	4.4	(0.4)
Days Supply	84	77	67	65	79	9.1	6.3

SAAR = Seasonally Adjusted at Annual Rates.

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 3) Automotive News, Crain Communications, Inc. (ending inventory).



OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	November	137.4	139.3	137.5	(1.4)%	(0.1)%
Coincident Index ¹⁾ (1992=100)	November	155.4	155.1	151.9	0.2	2.3
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	November	1,187	1,232	1,565	(3.7)	(24.2)
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	November	\$347.5	\$343.0	\$326.8	1.3	6.3
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	November	113.9	113.6	111.5	0.3	2.1
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	November	81.5	81.4	81.3	0.1	0.3
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	November	210.6	208.3	201.9	13.9	4.3
Detroit (not seasonally adjusted)	November	201.8	199.7	196.6	6.5	2.6
Interest Rates						
3-month Treasury Bill ³⁾	November	3.49%	3.97%	4.95%	---	---
Corporate Aaa Bonds ³⁾	November	5.44%	5.66%	5.33%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2007 3rd Qtr.	\$11,658.9	\$11,520.1	\$11,336.7	4.9	2.8
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	Nov. 2007	\$1,855.0	\$2,792.6	\$1,762.4	NM	5.3

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute. 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

